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Subject: Reg I I - Debit card Interchange

Comments:

Date: Feb 21, 2011

Proposal: Regulation II - Debit Card Interchange Fees and Routing

Document ID: R-1404

Document Version: 1

Release Date: 12/16/2010

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Regulation II - Debit Card Interchange Fees and Routing [R-1404] As a small business merchant, may I add my experiences and findings to all the information you may have already gathered? ===== Here are some of the many rip-offs in play with those damned debit / credit cards. ===== When merchants are approached by "processing services" to sign on, the merchants are often told that there is a XX cents processing fee for debit cards. If the merchant fails to push for more information, the merchant is led to believe that that's ALL the merchant is charged to process a debit card as such. In reality, the merchant is charged a percentage of the transaction, too. Many merchants will argue that they are NOT charged a percentage. It simply is not true. ===== The next rip-off is the Visa "gift card" which Visa has also convinced large retailers to issue in place of cash refunds. Notice, when you are handed one of those 'refund' cards that it really is a debit card. But just watch as the merchant tries to process it as a debit card. The card holder / presenter will tell the merchant that (s)he doesn't know the PIN code. So we merchants wind up processing them as credit cards - at the higher credit card discount rates, of course. ===== Next is Master Card's "Money" card. This is really a debit card and should be processed as such. MC, in its trickery, 'hides' the word MONEY in plain site IF YOU LOOK FOR IT. Typically they will put their hologram on the front of the card and print the word MONEY in a small, thin, white font, right over the hologram, hoping that merchants will not see the word and thus process the card as a credit card, with the attendant higher processing fees. Additionally, since the word "MONEY" is printed OVER the hologram, in time it wears off due to card handling, so a merchant's ability to find the word "MONEY" becomes a moot point. ===== Let's not overlook the some of Visa's debit cards, labeled variously as "debit," "cash," (shucks, I can't remember them all). Here too, banks try to hide that "it's a debit card-indicating" word in small font size and in inconsistent places on the card. SOMETimes the word is printed in (example) black on a very dark background area of the card's advertising, hoping the merchant's employee will

neither look for nor notice it and thus process as a credit card - at the higher discount rate, of course. ===== Of course, the label cards want us to believe that they have no guilt in this game. See Sue Stock's recent article <http://www.newsobserver.com/2010/01/15/285275/customers-asked-to-fight-credit.html#storylink=missmatch> near the bottom, for their "not our fault, we're innocent" response. ===== Our employees used to ask "Debit or credit?" But then I learned that - when a debit card is processed as a credit card - merchant fees are increased "just because," even though the processing links KNOW it's a debit card at the time of the transaction. When our employees detect a possible debit card, we have instructed them to just say "on a debit card" as they dive for the terminal's slot. NOTE that the card issuers are instructing and urging the debit card holders to mandate that we merchants process the sale as a credit card transaction so the bank can rip us off with higher rates. Several customers have told me that their banks will charge the card holder some sort of fee when the debit card is processed as a debit card (a pin number is entered). ===== IF the card's magnetic stripe or encoded information is damaged so that it can't be read by the terminal, the merchant is charged a "non-qualifying fee for having to hand key in the card's number. The card holders don't care to request a new card from the issuer. Why bother? It doesn't cost them any more to continue presenting a defective card. ===== Let's not overlook the probable collusion between the card issuers and the terminal manufacturers. Witness that many terminals are now placed so the card holder can swipe the card without ever handing it over to the merchant. At those terminals / stores, how does the merchant know if the card is capable of being processed as a debit card? Enter the "higher processing fees charged to merchants" game. ===== Here's another pair merchant rip-off tactics: The first is a card labeled "World"; it's a Master Card gimmick. MC's sales pitch here (to the card holder) is that you can use their card anywhere in the world (as if you couldn't use a non-"World" card outside the USA, other than in Cuba which refuses to accept any USA-issued card). When one of those cards given to a merchant, said merchant is paying the same HIGHER discount rate that it would if they'd accepted a 'foreign' card from Brazil, for example. The other biggie in this ploy is from Visa, which they call their "Signature(c)" credit card. In what might be called 'collusion', both the World and the Signature crds were introduced almost simultaneously. I believe the discount rates on these cards is either just above or just below the excessive corporate card discount rates. In the MC example, the word "World" is printed in a very thin font to sort of make it blend in with the background so you hopefully won't see the word as you process the card (not that you can do much about it if one is presented to you). In order to push holders / applicants to take this glorious merchant ripoff card instead of a "plain old bronze, silver, gold, or platinum card", the card issuers give the applicant a few trinkets (think: the purchase of Long Island from the Indians) and make a big deal about those trinkets. One example is "no preset spending limits" subject to, of course, V's or MC's (dis)approval at the time of attempted use. You may want to read <http://answers.yahoo.com/question/index?qid=20080329223722AA16A6d> one person's opinion of those trinkets (2nd line first paragraph). There are other, similar, opinions of those trinket offerings. ===== The worst cards are corporate cards with the name of the corporation printed on them. Some of them can be up to 5% charge to the vendor. If the card has "IBM" or some other corporation name on it, we're telling our employees to ask for another card because we merchants are charged the highest discount rate - sometimes up to 5% - for accepting the card. Trouble is, according to official Visa and MC 'rules' merchants are forbidden to refuse to accept the presented card, and they're similarly forbidden to set a 'floor' dollar amount when a

card is presented. So a \$1.00 sale for some small item can cost the merchant the loss of all profit after the card issuer's processing fees are deducted from the transaction. ===== I could go on. Hopefully, there's something in the above that you didn't already know. PLEASE - WE SMALL MERCHANTS NEED RELIEF FROM THE NEVER-ENDING, ESCALATING, DEBIT / CREDIT CARD FEES BEING IMPOSED on us. Richard King